GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3797
ANSWERED ON:16.05.2006
FDI IN CONSTRUCTION SECTOR
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has given its clarification on FDI policy in construction sector;

(b) if so, the details of areas where the policy is likely to be applied;

(c) whether FDI policy on townships, housing and construction projects will not be applicable to hotels, hospitals;

(d) whether the Government has received a request from investors seeking clarification on the applicability of Press Note 2005; and

(e) if so, the details thereof alongwith the reaction of the Government therefor?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI KAMAL NATH)

(a) to (c): In March 2005, Government allowed FDI up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects which included housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure. Detailed guidelines were notified vide Press Note 2 (2005 Series).

(d) & (e) Based on requests from investors, it was clarified vide Press Note 2 (2006 Series) that since a liberal policy dispensation was already available for hotels, and hospitals; and Special Economic Zones (SEZ) were governed by the SEZ Act of 2005, provisions of Press Note No. 2 (2005 Series) would not apply for these.